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**From:**

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**Cc:**

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The section 6662A penalty should go in the FPAA since it "relates to an adjustment to a partnership item." I.R.C. 6221 and 6226(f). The partnership is not a party to a TEFRA proceeding, so all penalties determined in a TEFRA proceeding apply to the partners, not the partnership. See [Chef's Choice v. Commissioner](#) (TEFRA proceeding is analogous to class action of partners). In this regard, section 6662A is really no different than the substantial understatement penalty which also goes in the FPAA. The TEFRA proceeding only determines the partnership level components of the penalty. The actual understatement of tax is a partner-level determination that is computed after the partnership proceeding. Treas. Reg. 301.6221-1(d); [Stobie Creek v. U.S.](#)